GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries and Commerce Department – Andhra Pradesh Oxygen Manufacturing Policy, 2021-2022 - Operational Guidelines for implementation – Orders - Issued.

INDUSTRIES AND COMMERCE (P&I) DEPARTMENT

G.O.Ms.No.94. Dated:28 -12-2022.
Read the following:-

1. G.O.Ms.No.34, Industries & Commerce (P&I) Dept. dated 19.05.2021.

2. eOffice file No. INC02-17/11/2021-AD-I&I-DOI (Computer No:1452485) from the Director of Industries, A.P, Mangalagiri.

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ORDER

In the G.O. 1st read above, Government have issued orders to approve the Andhra Pradesh Oxygen Manufacturing Policy, 2021-2022, to incentivize manufacturers to quickly set up units and start the supply of oxygen to healthcare centers as per the need, besides fast-tracking industrial approvals to set up and run oxygen manufacturing facilities in the State.

2. In the reference 2nd read above, the Director of Industries, A.P., Mangalagiri has submitted the draft Operational Guidelines for the implementation of the Andhra Pradesh Oxygen Manufacturing Policy, 2021-2022.

3. Government after careful examination of the proposal of the Director of Industries, hereby accord the approval of the Operational Guidelines for Andhra Pradesh Oxygen Manufacturing Policy, 2021-2022 as appended to these orders as Annexure.

4. This order is available online and can be accessed at https://apegazette.cgg.gov.in

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R. KARIKAL VALAVEN
SPECIAL CHIEF SECRETARY TO GOVERNMENT & CIP

To
The Director of Industries, A.P, Mangalagiri.
Copy to:
All District Collectors through Director of Industries, Mangalagiri.
All Heads of Departments through Director of Industries, Mangalagiri.

(p.t.o)

All General Managers, DIC through Director of Industries, Mangalagiri.
The P.S to Spl.C.S. to Chief Minister.
The P.S to Hon' ble Minister for Ind. & Com., IT, SD & T.
The P.S to Chief Secretary to Government.
The P.S. to Spl.C.S. to Govt. & CIP, Ind. & Com. Dept.
The P.S. to Prl.Secretary to Government, HM&FW Department.
Sf/Scs

// FORWARDED :: BY ORDER//

SECTION OFFICER.

File No.INC02-17/11/2021-AD-I&I-DOI

ANNEXURE TO G.O.Ms.No.94, Ind. & Com. (P&I) Dept., Dated:28-12-2022

Operational Guidelines for Implementation of Andhra Pradesh Oxygen Manufacturing Policy 2021-2022

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1. INTRODUCTION

The Government of Andhra Pradesh, in fight with Covid – 19 have realized the shortage of medical oxygen production in the state to treat the hospitalized patients. In order to make the state self-sufficient in oxygen production the Government have announced Andhra Pradesh Oxygen Manufacturing Policy 2021–22 vide G.O.Ms.No.34, Industries & Commerce (P&I) Department, dated: 19.05.2021. The following document highlights the process of availing incentives offered by the state to eligible industrial units.

2. AREA OF OPERATION

The Scheme covers the projects established in the whole of the State of Andhra Pradesh. For encouraging the areas where there is more need for setting up the units, all the 13 districts in the state are categorized into three zones. All these three zones are notified in Andhra Pradesh Oxygen Manufacturing Policy 2021–22 vide G.O.Ms.No.34, Industries & Commerce (P&I) Department, dated: 19.05.2021.

Zone	Districts
Zone I	a. Srikakulam b. Vizianagaram c. Vishakhapatnam d. East Godavari e. West Godavari
Zone II	a. Krishna b. Guntur c. Prakasam

Zone	Districts
	d. SPSR Nellore
Zone III	a. Kurnool b. Anantapur c. YSR Kadapa d. Chittoor

3. ELIGIBILITY

3.1.TYPE OF COMPANIES

The following category of Industries Manufacturing Medical Oxygen in the State is eligible to receive incentives under this policy.

a) New Manufacturing Units
b) Existing Units which are into Capacity Augmentation / Expansion
c) Units which are into Revival or refurbishment of Oxygen Manufacturing units (Only for units which are manufacturing oxygen based on the PSA Technology)

3.2. TYPE OF TECHNOLOGIES

The following technologies for manufacturing of medical oxygen are approved as per A.P Oxygen manufacturing policy 2021-22

a) PSA (Pressure Swing Adsorption) technology
b) LOX (Liquid Oxygen) technology
c) Heliox (Helium-oxygen) technology

In case any new technology, other than the ones mentioned in this document, emerges for oxygen manufacturing, the Director of Industries will grant them

incentives similar to those given to units under this policy, after evaluation of the category of the plant and viability of the technology. The decision of Director of Industries will be final.

3.3. OTHER TERMS AND CONDITIONS

3.3.1. New Oxygen Manufacturing Units (PSA Based Technology) – Captive Model

a) New Oxygen Manufacturing Units (PSA Based Technology) established within the vicinity of Government hospitals and private hospitals having 100 or more beds, caters the captive requirement at least 80% of its capacity to the Hospitals / Institutes.

b) These Oxygen manufacturing units will be set up within the vicinity of the Hospital /Institute where the required land will be provided by Hospitals / Institutes on lease basis.

c) The Hospitals / Institutes will have an advance contract with the unit committing for a minimum demand quantity and minimum price per annum.

d) The unit must cater at least 80% of its capacity to the Hospitals / Institutes and can use 20% for other commercial activities.

e) In case the hospital doesn't have the stipulated demand as above, the unit is free to sell the same outside after getting a No objection certificate from the hospital with which it has the contract.

f) No Storage will be required as it is hospital based captive consumption.

3.3.2. New Oxygen Manufacturing Units (PSA Based Technology) - Non Captive Model

a) New Oxygen Manufacturing units established in the State based on PSA Technology (Air Separation) in Non-Captive mode are eligible for the following incentives on First Come, First Serve basis, based on the date of commercial production as per the target given to each zone.

b) Targets for establishing PSA plants on Non-captive Mode, one wise

Zone	No. of eligible units
Zone - I	5 Units
Zone - II	10 Units
Zone - III	15 Units

3.3.3. Oxygen Manufacturing Units (LOX Based Technology)

The First New Oxygen Manufacturing unit established based on Liquid Oxygen Technology (LOX) in each zone (Zone – II and Zone – III) are only eligible with a minimum Medical Oxygen producing capacity of 50 MT / day and a minimum storage capacity of 100 MT.

3.3.4. Helium - Oxygen Manufacturing Units (Heliox Based Technology)

Only the first Oxygen Manufacturing unit established based on **Heliox Technology**, with a minimum capacity of 50 MT Per day and a minimum storage capacity of 100 MT is eligible for the following incentives.

3.3.5. Large capacity (> 50 MT) in PPP mode

The Government will evaluate proposals received from various reputed domestic and international firms with expertise and identify suitable partners based on technical and financial viability along with speed of execution. If the Government receives multiple proposals, it will draft evaluation criteria to shortlist the best partner suited to the needs of the state.

4. OPERATIVE PERIOD

The policy will be valid for a period of 1 year i.e up to 18-05-2022, unless otherwise notified in this policy or separately by Government of Andhra Pradesh (GoAP). The projects sanctioned by the Government within the policy period are eligible to avail the incentives under this policy. To avail the incentives, the units with PSA, Lox, Heliox Plants shall be commissioned within 6 months, 18 months, 24 months respectively from the date of sanction.

5. DEFINITIONS

5.1. ANDHRA PRADESH OXYGEN POLICY 2021- 2022

Andhra Pradesh oxygen manufacturing Policy means, the Policy of State Incentives/ Facilities announced by the State Government vide G.O.Ms.No.34, Industries & Commerce (P & I) Department, dated: 19.05.2021 and amendments thereof.

5.2.NEW OXYGEN MANUFACTURING UNITS (PSA BASED TECHNOLOGY) – CAPTIVE MODEL

New Oxygen Manufacturing Units (PSA Based Technology) established within the vicinity of Government hospitals and private hospitals having 100 or more beds, caters the captive requirement at least 80% of its capacity to the Hospitals / Institutes.

5.3.NEW OXYGEN MANUFACTURING UNITS (PSA BASED TECHNOLOGY) - NON

New Oxygen Manufacturing units established in the State based on PSA Technology (Air Separation) in Non-Captive mode.

5.4.EXPANSION PROJECTS

Existing Industrial Enterprises, setting up expansion projects involving enhancement of Fixed Capital Investment by at least 25% as well as enhancement of installed capacity by 25% for the same product lines will be eligible for incentives.

5.5. REVIVAL / REFURBISHMENT OF PSA BASED UNITS (AIR SEPARATION)

The units which are installed based on the PSA technology (Air Separation) and are shut down due to financial non – viability or any other reasons would be eligible for incentives to revive operations for supply medical oxygen.

5.6. OXYGEN MANUFACTURING UNITS (LOX BASED TECHNOLOGY)

The First New Oxygen Manufacturing unit established based on Liquid Oxygen Technology (LOx) in each zone (Zone – II and Zone – III) with a minimum Medical Oxygen producing capacity of 50 MT / day and a minimum storage capacity of 100 MT

5.7. HELIUM - OXYGEN MANUFACTURING UNITS (HELIOX BASED TECHNOLOGY)

Only the first Oxygen Manufacturing unit established based on Heliox Technology, with a minimum capacity of 50 MT Per day and a minimum storage capacity of 100 MT. The other definitions are as per operational guidelines of IDP 2020-23 issued vide G.O Ms No.10 Industries & Commerce (P&I) Department, Dated: 25.02.2021

6. POLICY IMPLEMENTATION

a) The entrepreneurs who wish to establish the Oxygen manufacturing units and to avail incentives have to file "**Expression of interest**" through online application available in the portal "www.apindustries.gov.in" invariably within the stipulated time frame.

b) The following committee will evaluate the project and scrutinize the documents at the District level and recommend to the State level committee.

   I. General Manager, District Industries Centre
   II. District Medical and Health officer
   III. Drug controller

   The following committee will evaluate the project and accord sanction at State level.

   I. Director of Industries

II. Commissioner, Health and Family welfare

III. CEO, YSR Arogyasri

c) The units sanctioned by the Director of Industries are only eligible for the incentives and such units shall file the claims for sanction of eligible incentives shall be filed through online application available in the portal "www.apindustries.gov.in" invariably within the stipulated time frame as per the procedure laid down in operational guidelines of IDP 2020-23 issued vide G.O Ms No.10 Industries & Commerce (P&I) Department, Dated: 25.02.2021.

d) All the applications and procedures for approval will be as per the operational guidelines of Andhra Pradesh Industrial Development Policy of 2020 – 2023.

e) The Director of Industries is the apex authority for any decision in case if any clarification / discrepancy

7. ELIGIBLE SUBSIDY

7.1. INVESTMENT SUBSIDY

a) The quantum of Investment subsidy for different categories and sectors is tabulated below

S. No	Enterprise based on	% of Reimbursement on FCI	Maximum Limit (Rs / Per MT)
1	PSA technology (captive mode)	30%	30,00,000
2	PSA technology	30%	30,00,000

	(Non-captive mode)		
3	PSA technology (Revival/Refurbishment if not availed incentives earlier)	20 %	20,00,000
4	LOX technology	20 %	20,00,000
5	Heliox technology	25%	25,00,000

b) All eligible Enterprises shall submit their claims in the prescribed application form given for investment subsidy within six months from the DCP or from the date of issue of operational guide lines, to the GM, DIC concerned, through Online Incentive Portal.

c) Investment Subsidy shall be applicable to all eligible new units, Expansion units, units going for revival/ refurbishment (in respect of PSA technology based units only) subject to fulfillment of all other conditions stipulated.

d) All other criteria for sanction of Investment subsidy will be as per the operational guidelines of IDP 2020-23 issued vide G.O Ms No.10 Industries & Commerce (P&I) Department, Dated: 25.02.2021.

7.2. REIMBURSMENT OF POWER COST

a) The quantum of Power cost subsidy for different categories and sectors is tabulated below

S. No.	Enterprise based on	Period	Power cost reimbursement	Maximum Limit (Rs / Year / MT)
1	PSA technology (Captive mode)	2 years	Rs 2 /- per unit for 2 years from DCP	7,00,000
2	PSA technology (Non- captive mode)	2 years	Rs 2 /- per unit for 2 years from DCP	7,00,000
			Rs 0.5 /- per unit additional if the unit commences production within 6 months of the issue of oxygen G.O	
3	PSA technology (Revival/Refurbishment)	3 years	Rs 2 / - per unit for 3 years from revival DCP	7,00,000
4	LoX technology	First Year from DCP	Rs 2/- Per unit	7,00,000
		Second Year from DCP	Rs 1.5/- Per unit	

S. No.	Enterprise based on	Period	Power cost reimbursement	Maximum Limit (Rs / Year / MT)
		Third Year till Fifth Year from DCP	Rs 1.0/- Per unit	
5	Heliox technology	First Year from DCP	Rs 2.0/- Per unit	7,00,000
		Second Year from DCP	Rs 1.5/- Per unit	
		Third Year till Fifth Year from DCP	Rs 1.0/- Per unit	

b) All eligible units shall submit their claims in the prescribed application form given for reimbursement of power cost within six months after completion of every half-year i.e., by 31st of March for first half-year and 30th of September for second half-year along with the documents mentioned in the application to the GM, DIC on half- yearly basis through Online Incentive Portal.

c) The reimbursement of power cost shall be applicable to all eligible New Industrial Enterprises and Expansion units, units going for revival/ refurbishment (in respect of PSA technology based units only) subject to fulfillment of all other conditions stipulated.

d) All other criteria for sanction of power cost reimbursement will be as per the operational guidelines of IDP 2020-23 issued vide G.O Ms No.10 Industries & Commerce (P&I) Department, Dated: 25.02.2021.

7.3. OTHER INCENTIVES

The industrial units/ enterprises that have commenced during the operational period of the scheme are also eligible all for other incentives as per APIDP 2020-23 policy as per their category eligibility.

8. PROCEDURES FOR SACTIONING OF INCENTIVES

The industrial units/ enterprises that have commenced during the operational period of the scheme will have to follow all other conditions stipulated in the operational guidelines of the APIDP 2020-23 scheme issued vide G.O Ms no: 10, Industries & commerce (P&I) dept dated 25-02-2021 like sanctions, change of name of the unit, change of location, change of management, shifting of location, merger and amalgamations etc including applications and procedures for approval.

9. PROCEDURES FOR DISBURSMENT

The following terms will be followed for incentive disbursement to eligible industries.

a) Capital Subsidy will be disbursed within first sale / one month from the commission of the unit.

b) Power cost Reimbursement will be made every 6 Months.

All other conditions stipulated in the operational guidelines of the APIDP 2020-23 schemes issued vide G.O Ms no: 10, Industries & commerce (P&I) dept dated 25-02-2021 are applicable for disbursement of incentives.

10. GENERAL GUIDELINES

All general guidelines issued in the operational guidelines of the APIDP 2020-23 schemes issued vide G.O Ms no: 10, Industries & commerce (P&I) dept dated 25-02-2021 are applicable for implementation of the policy.

R. KARIKAL VALAVEN
SPECIAL CHIEF SECRETARY TO GOVERNMENT & CIP